

Appendix 1 – Financial Update 2017/18

The company's profit and loss account for the period from 1 April 2017 to 31 January 2018, with comparative information for both the equivalent period from the previous year and the last reported figures to Board as at 31 December 2017, and the balance sheet at 31 January 2018 are shown below:

Oportunitas Limited
Comparative Profit and Loss Report

	<u>2017/18</u>	<u>2017/18</u>	<u>2016/17</u>
	Actual to 31.12.17	Actual to 31.01.18	Actual to 31.01.17
	£	£	£
Income			
Grounds Maintenance Income	45,736.37	53,188.51	44,742.34
Housing Rents - Market Rate	135,372.47	154,835.45	64,446.24
Commercial Rents	7,376.37	7,376.37	7,357.34
Other Income	750.00	750.00	671.21
	<u>189,235.21</u>	<u>216,150.33</u>	<u>117,217.13</u>
Direct Expenses			
SDC Grounds Maintenance Recharges	36,611.63	42,573.37	36,330.22
Advertising	1,130.00	1,130.00	1,470.00
Premises Insurance	9,886.26	9,886.26	6,359.57
Property Expenses	14,361.59	14,625.59	7,082.33
Property Management Charges	9,422.63	10,938.94	5,246.24
	<u>71,412.11</u>	<u>79,154.16</u>	<u>56,488.36</u>
Gross Profit	117,823.10	136,996.17	60,728.77
Overheads			
Insurance	2,687.06	2,687.06	2,759.69
Professional Fees	3,710.00	3,710.00	5,227.00
Bank Charges and Interest	95.25	95.25	98.56
Loan Fees	720.00	720.00	13,500.00
Legal Fees	678.67	684.67	1,979.09
Audit Fees	0.00	0.00	150.00
Management Charges from SDC	13,999.38	16,830.92	21,966.37
Directors Remuneration	7,928.28	8,799.20	9,858.92
Mileage	9.00	9.00	22.67
Computer and Software	85.09	85.09	167.68
Sundry Expenses	49.90	49.90	0.00
	<u>29,962.63</u>	<u>33,671.09</u>	<u>55,729.98</u>
Interest Payable	116,021.97	129,100.81	54,715.00
Net Profit/(Loss):	<u>(28,161.50)</u>	<u>(25,775.74)</u>	<u>(49,716.21)</u>

Oportunitas Limited Balance Sheet for 01/04/2017 to 31/01/2018

	£	-	£
Fixed Assets			
Investment Assets	3,551,000.00		<u>3,551,000.00</u>
Current Assets			
Debtors	22,457.42		
Bank Account	213,921.96		
VAT Liability	<u>1,728.71</u>		
	238,108.09		
Current Liabilities			
Creditors : Short Term	(33,058.08)		
Credit Card (Creditors)	0.00		
VAT Liability	<u>(2,759.03)</u>		
Net Current Assets			<u>202,291.0</u>
Total Assets less Current Liabilities:			<u>3,753,290.98</u>
Long Term Liabilities			
SDC Loan	(3,211,000.00)		
Loan Interest	<u>(265,140.81)</u>		
			<u>(3,476,140.81)</u>
Total Assets less Total Liabilities:			<u><u>277,150.17</u></u>
Capital & Reserves			
Called up Share Capital	300.00		
Share Premium Account	478,451.39		
Profit and Loss Account	<u>(201,601.22)</u>		
			<u><u>277,150.17</u></u>

Commentary

1. Since the last reported position to the Board at 31 December 2017, the company's turnover from its core trading activities has increased by about £26.9k. The costs during the same period have increased by about £24.5k, resulting in a small but welcome reduction in the net loss by £2.4k to £25.8k.
2. As previously outlined to the Board, the company's turnover to 31 January 2018 has increased by almost £100k compared to the same point last year reflecting, in particular, the additional rental income being received from its properties in Leyburne Road, Dover and Castle Hill Avenue, Folkestone. However, there has been a similar increase in costs related to this, notably the interest payable to the Shareholder on loans made for the property acquisitions.
3. There has been a reduction of £22k in the cost of the overheads compared to the same point last year. However, £13.5k of this relates specifically to one-off loan arrangement fee paid last year. The overheads currently do not include property valuation and audit fees relating to the current financial year expected to be about £8k.

4. The balance sheet shows that the company's accumulated loss is now £202k. However, at this stage, it does not reflect the impact of any increase in property values that may have incurred during the year to date. These valuation changes are also required to be charged to the profit and loss account. Indicative information from the company's external valuer suggests that local property prices are increasing by around 3% for the year, less than the 6% achieved in the year to 31 March 2017. A revaluation of the property portfolio will be undertaken at the end of the financial year in March 2018.
5. The table below summarises the benefit to the council as the shareholder from the company's activities to 31 January 2018 with a comparison for 2017.

	<u>2017/18</u>	<u>2017/18</u>	<u>2016/17</u>
	Actual to 31.12.17	Actual to 31.01.18	Actual to 31.01.17
		£	£
Interest on loans made	116,021.97	129,100.81	54,715.00
Grounds Maintenance recharges	36,611.63	42,573.37	36,330.22
Advertising (Shepway Today)	1,130.00	1,130.00	1,470.00
Loan Fees	720.00	720.00	0.00
Management Charge (SDC Officers)	13,999.38	16,830.92	21,966.37
Directors Remuneration	7,928.28	8,799.20	9,858.92
	<u>176,411.26</u>	<u>199,154.31</u>	<u>124,340.51</u>